

LOUISIANA PILOTAGE FEE COMMISSION
REPORT ON REVIEW OF BASIC FINANCIAL STATEMENTS
REPORT ON APPLYING AGREED-UPON PROCEDURES
INCLUDING THE LOUISIANA ATTESTATION QUESTIONNAIRE
JUNE 30, 2010
BATON ROUGE, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/23/11

LOUISIANA PILOTAGE FEE COMMISSION

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December 3, 2010

Independent Accountant's Report on the
Financial Statements

To the Board of Commissioners
Louisiana Pilotage Fee Commission
Baton Rouge, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund (General Fund) of the Louisiana Pilotage Fee Commission as of and for the year ended June 30, 2010, which collectively comprise the Commission's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the financial statements is the representation of the management of the Louisiana Pilotage Fee Commission.

A review consists principally of inquiries of the Louisiana Pilotage Fee Commission's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management's discussion and analysis, and budgetary comparison schedule-general fund on pages 2 through 4 and Schedule 1 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Respectfully submitted,

Hannis T. Bourgeois, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOUISIANA PILOTAGE FEE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2010

Louisiana Pilotage Fee Commission (the "Commission") is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- For State and Local Governments* (hereinafter referred to as GASB 34), and related standards. Please read the following in conjunction with the Commission's financial statements and footnotes, which follow this section.

Financial Highlights

- Total assets for the year were \$652,777 as of June 30, 2010. The Commission had liabilities totaling \$24,702 resulting in net assets of \$628,075.
- The majority of total assets (96.18%) was composed of Cash and Cash Equivalents.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the Commission's financial condition and performance.

The financial statements report information on the Commission using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the nature and amount of the Commission's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission.

The Statement of Activities accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year. This statement measures the success of the Commission's operations in a format that can be used to determine if the Commission has recovered its costs through self generated revenues and other income.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the Commission's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes comparative budget schedules, key information schedules on operation of the Commission, and schedules detailing any findings and management's response.

Financial Analysis

The purpose of financial analysis is to help determine whether the Commission is better off due to the current year's activities. In this analysis, data from the basic financial statements, the Statement of Net

Assets and the Statement of Activities, are presented below. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the Commission. The information for the prior year is included for comparative purposes and was audited by other auditors.

Statement of Net Assets

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 624,889	\$ 511,157
Accounts Receivable	24,325	26,550
Capital Assets (Net of Accumulated Depreciation)	<u>3,563</u>	<u>2,868</u>
Total Assets	<u><u>\$ 652,777</u></u>	<u><u>\$ 540,575</u></u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,790	3,393
Long-Term Liabilities:		
Due Within One Year	5,728	5,728
Due in More than One Year	<u>17,184</u>	<u>6,329</u>
Total Liabilities	24,702	15,450
<u>NET ASSETS</u>		
Invested in Capital Assets	3,563	-
Unrestricted	<u>624,512</u>	<u>525,125</u>
Total Net Assets	<u><u>628,075</u></u>	<u><u>525,125</u></u>
Total Liabilities and Net Assets	<u><u>\$ 652,777</u></u>	<u><u>\$ 540,575</u></u>

- This Commission's assets exceeded its liabilities by \$628,075 for the current year.
- For the year ended June 30, 2010, unrestricted net assets of \$624,512 represents the portion available to maintain the Commission's obligation to both citizens and creditors.

Statement of Activities

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
General Revenues:		
Self-Generated	\$ 339,415	\$ 376,960
Interest and Other Income	<u>1,983</u>	<u>1,228</u>
Total General Revenues	341,398	378,188
Expenses:		
General Government	<u>238,448</u>	<u>279,515</u>
Change in Net Assets	102,950	98,673
Net Assets - Beginning of the Year	<u>525,125</u>	<u>426,452</u>
Net Assets - End of the Year	<u>\$ 628,075</u>	<u>\$ 525,125</u>

Total general revenues decreased \$36,790 (9.72%) reflecting a decrease in surcharge fees on vessels. This was offset by the decrease in total expenses of \$41,067 (14.69%). Overall, the Commission's change in net assets was \$102,950 for the year which represents an increase of \$4,277 (4.33%) from the prior year.

General Fund Budgetary Highlights

The actual revenues were \$28,602 less than the budgeted amount for the year and expenses were \$75,609 lower than the budgeted amount for the year.

Economic Factors and Next year's Budget

The primary source of revenue for the Commission during the year ended June 30, 2010 was proceeds from a dedicated surcharge paid by customers of pilotage services in Louisiana; namely, foreign flag vessels entering state waters via the Mississippi and Calcasieu rivers. This surcharge is established through state law (LA. R.S. 34:1122(B)(3)). The amount of this surcharge is adjusted annually by the Commission at the annual Budget Hearing, according to projections based on the total amount of surcharge revenue collected during the prior calendar year.

These revenues are considered available if they are collected within 60 days after year-end.

Contacting the Commission

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Commission at Two United Plaza, Suite 14, Baton Rouge, Louisiana 70809.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LOUISIANA PILOTAGE FEE COMMISSION

STATEMENT OF NET ASSETS

AS OF JUNE 30, 2010

ASSETS

Cash and Cash Equivalents	\$ 624,889
Accounts Receivable	24,325
Capital Assets (Net of Accumulated Depreciation)	<u>3,563</u>
Total Assets	<u>\$ 652,777</u>

LIABILITIES

Accounts Payable	\$ 1,790
Long-Term Liabilities:	
Due Within One Year	5,728
Due in More than One Year	<u>17,184</u>
Total Liabilities	24,702

NET ASSETS

Invested in Capital Assets	3,563
Unrestricted	<u>624,512</u>
Total Net Assets	<u>628,075</u>
Total Liabilities and Net Assets	<u>\$ 652,777</u>

See accompanying notes and accountant's review report.

LOUISIANA PILOTAGE FEE COMMISSION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

		<u>Program Revenues</u>		Total Governmental Activities Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General Government	<u>\$ 238,448</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (238,448)</u>
Total Governmental Activities	<u><u>\$ 238,448</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>(238,448)</u>
General Revenues:				
Self-Generated				339,415
Interest and Other Income				<u>1,983</u>
Total General Revenues				<u>341,398</u>
Change in Net Assets				102,950
Net Assets - Beginning of Year				<u>525,125</u>
Net Assets - End of Year				<u><u>\$ 628,075</u></u>

See accompanying notes and accountant's review report.

FUND FINANCIAL STATEMENTS

LOUISIANA PILOTAGE FEE COMMISSION

BALANCE SHEET -
GOVERNMENTAL FUND

AS OF JUNE 30, 2010

ASSETS

Cash and Cash Equivalents	\$ 624,889
Accounts Receivable	<u>24,325</u>
Total Assets	<u>\$ 649,214</u>

LIABILITIES AND FUND BALANCE**Liabilities:**

Accounts Payable	<u>\$ 1,790</u>
Total Liabilities	1,790

Fund Balance:

Unreserved	<u>647,424</u>
Total Fund Balance	<u>647,424</u>
Total Liabilities and Fund Balance	<u>\$ 649,214</u>

See accompanying notes and accountant's review report.

LOUISIANA PILOTAGE FEE COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

AS OF JUNE 30, 2010

Total Fund Balance - Governmental Fund	\$	647,424
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Amounts reported for governmental activities in the Statement
of Net Assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. These
assets consist of:

Cost of Capital Assets		5,141
Less: Accumulated Depreciation		(1,578)
		3,563

Long-Term Liabilities are not due and payable in the current
period and therefore are not reported in the Governmental Funds:

Compensated Absences		(22,912)
Net Assets - Governmental Activities	\$	628,075

See accompanying notes and accountant's review report.

LOUISIANA PILOTAGE FEE COMMISSION

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

Revenues:

Local Sources:

Self-Generated	\$ 339,415
Interest Earnings and Other Income	1,983
	<hr/>
Total Revenues	341,398

Expenditures:

General Government:

Salaries	147,089
Payroll Taxes	11,565
Employee Benefits	2,717
Auto Expense	10,800
Bank Charges	35
Capital Outlay	1,442
Computer Expense	2,520
Hearing Expense	2,981
Insurance	1,146
Legal and Accounting	16,752
Meals and Entertainment	314
Medical	9,485
Miscellaneous	186
Office Supplies	1,158
Payroll Services	1,463
Per Diem	1,500
Postage	145
Printing	500
Rent Expense	12,182
Telephone	3,551
Travel	760
	<hr/>
Total Expenditures	228,291

Excess of Revenues Over Expenditures	113,107
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Fund Balance at Beginning of Year as Restated	534,317
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Fund Balance at End of Year	\$ 647,424
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See accompanying notes and accountant's review report.

LOUISIANA PILOTAGE FEE COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balance - Governmental Fund	\$ 113,107
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Amounts Reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays	1,442
Depreciation Expense	(744)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.

(Increase) Decrease in Compensated Absences Payable	(10,855)
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Change in Net Assets of Governmental Activities	\$ 102,950
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See accompanying notes and accountant's review report.

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

INTRODUCTION

The Louisiana Pilotage Fee Commission (the "Commission") was created by Act. No. 902 of the Louisiana 2004 Regular Session of the Legislature, effective January 1, 2005, to establish pilotage fees. The Commission consist of eleven members and seven alternates appointed by the governor as follows:

- i. Four members and four alternatives to represent the industry.
- ii. Four members and three alternatives to represent the associations all designated by the board of directors of the four pilot associations.
- iii. Three at-large members.

Appointees shall be residents of the state of Louisiana and shall serve terms concurrent with that of the governor appointing them. All appointments are subject to confirmation by the Senate.

(1) Summary of Significant Accounting Policies -

A. Basis of Presentation

The accompanying financial statements of the Louisiana Pilotage Fee Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

B. Reporting Entity

The Commission, for financial purposes, includes all of the funds relevant to the operations of the Commission. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Louisiana Pilotage Fee Commission.

The Louisiana Pilotage Fee Commission is a primary government and not a component unit or agency of the state government for financial reporting purposes.

C. Fund Accounting

- i. Government-wide Financial Statements (GWFS) - the Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods and services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

- ii. Fund financial statements - The accounts of the Commission are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Commission maintains one fund, the general fund. It is categorized as a governmental fund. The emphasis on fund statements is on major governmental funds. The general fund is considered major because it's the primary operating fund of the entity. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Commission. The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The Commission reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense which can be specifically identified by function is included in the direct expenses of each function.

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

The Commission does not allocate indirect expenses.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fund financial statements report detailed information about the Commission. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The major fund of the Commission is the General Fund.

The modified accrual basis of accounting is used by Governmental Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Fund uses the following practices in recording revenues and expenditures:

Revenues

The primary source of revenue for the Commission during the year ended June 30, 2010, was pilotage surcharge fees. These revenues are considered available if they are collected within 60 days after year-end.

Expenditures

Salaries are recorded as expenditures when earned. Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death. All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

E. Budget Practices

The Commission adopts an annual budget for the General Fund.

The budget for the fiscal year ended June 30, 2010, was legally adopted by the Commission on May 14, 2009.

F. Cash and Cash Equivalents

All cash-related items having maturing dates of three months or less from the original maturity dates are classified as cash and cash equivalents.

G. Capital Assets

Capital assets, which includes property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Useful lives are five years for computer equipment and seven years for furniture and fixtures.

H. Net Assets

In the government-wide statements, equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Compensated Absences

Employees earn and accumulate sick leave at various rates depending on their years of service. The amount of sick leave may be accumulated by each employee is unlimited.

(2) Cash and Cash Equivalents -

At June 30, 2010, cash included amounts in interest bearing and non-interest bearing demand deposit accounts. The carrying amount and bank balance of the Commission's Cash and Cash Equivalents was \$624,889 at June 30, 2010. Cash and Cash Equivalents are stated at cost which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of cash (bank balances) at June 30, 2010, with the related federal deposit insurance and pledged securities:

Bank Balances:	
Insured (FDIC Insurance)	\$ 624,889
Uninsured and Collateralized:	
Collateral held by the pledging bank's trust department not in the District's name	-
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 624,889</u>

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. As of June 30, 2010, none of the Commission's bank balances of \$624,889 was exposed to custodial credit risk because it was covered by FDIC insurance.

(3) Changes in Capital Assets -

Capital asset activity as of and for the year ended June 30, 2010 is as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<u>Governmental Activities:</u>				
Capital Assets being Depreciated:				
Computer Equipment	\$ 2,516	\$ 1,442	\$ -	\$ 3,958
Furniture and Equipment	<u>1,183</u>	<u>-</u>	<u>-</u>	<u>1,183</u>
Total Capital Assets being Depreciated	3,699	1,442	-	5,141
Less: Accumulated Depreciation for:				
Computer Equipment	510	575	-	1,085
Furniture and Equipment	<u>324</u>	<u>169</u>	<u>-</u>	<u>493</u>
Total Accumulated Depreciation	<u>834</u>	<u>744</u>	<u>-</u>	<u>1,578</u>
Total Capital Assets being Depreciated, Net	<u>\$ 2,865</u>	<u>\$ 698</u>	<u>\$ -</u>	<u>\$ 3,563</u>

Depreciation expense of \$744 for the year ended June 30, 2010 was charged to operations.

(4) Long-Term Debt -

The following is a summary of the long-term obligation transactions for the year ended June 30, 2010:

	Compensated <u>Absences</u>
Long-Term Obligations - June 30, 2009	\$ 12,057
Additions	10,855
Deductions	<u>-</u>
Long-Term Obligations - June 30, 2010	<u>\$ 22,912</u>

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2010:

Current Portion	\$ 5,728
Long-Term Portion	<u>17,184</u>
Total	<u>\$ 22,912</u>

Compensated Absences

At June 30, 2010, employees of the Commission have accumulated and vested \$22,912 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

Employees earn and accumulate sick leave at various rates depending on their years of service. The amount of sick leave that may be accumulated by each employee is unlimited.

(5) Lease Commitments -

The Commission leases office space under a lease classified as an operating lease that expires on April 30, 2011. Rental expense for this operating lease totaled \$12,182 for the year ended June 30, 2010. Future minimum rental payments required under the operating lease agreement for the year ended June 30, 2011 total \$10,360.

(6) Pending Litigation -

There were no civil suits seeking damages against the Commission outstanding at June 30, 2010.

(7) Related Party Transactions -

The Commission had no identified related party transactions for the year ended June 30, 2010.

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

(8) Prior Period Adjustment -

Prior period adjustments were made to the Governmental Fund Balance of the Commission as of June 30, 2009 as follows:

	<u>Fund-Wide Financial Statements</u>
Fund Balance at June 30, 2009, as Originally Reported	\$ 525,125
Adjustment to:	
Remove Accumulated Compensated Absences Balances from Fund Balance	12,059
Remove net Book Value of Capital Assets from Fund Balance	<u>(2,867)</u>
Fund Balance at June 30, 2009, as Restated	<u>\$ 534,317</u>

OTHER REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA PILOTAGE FEE COMMISSION

BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Self-Generated	\$ 368,500	\$ 368,500	\$ 339,415	\$ (29,085)
Interest Earnings and Other Income	1,500	1,500	1,983	483
Total Revenues	370,000	370,000	341,398	(28,602)
Expenditures:				
Salaries and Related Costs	152,000	152,000	181,656	(29,656)
Office Supplies	3,000	3,000	1,158	1,842
Meals and Entertainment	600	600	314	286
Telephone Expense	2,000	2,000	3,551	(1,551)
Rent	11,000	11,000	12,182	(1,182)
Printing	200	200	500	(300)
Postage	400	400	145	255
Miscellaneous	3,000	3,000	186	2,814
Insurance	2,000	2,000	1,146	854
Payroll Services	2,000	2,000	1,463	537
Bank Charges	100	100	35	65
Capital Outlay	3,000	3,000	1,442	1,558
Computer Expense	2,000	2,000	2,520	(520)
Professional Services	98,200	98,200	19,733	78,467
Meeting Expense	24,400	24,400	2,260	22,140
Total Expenditures	303,900	303,900	228,291	75,609
Excess (Deficiency) of Revenues Over Expenditures	66,100	66,100	113,107	47,007
Fund Balance at Beginning of Year, as Restated	534,317	534,317	534,317	-
Fund Balance at End of Year	<u>\$ 600,417</u>	<u>\$ 600,417</u>	<u>\$ 647,424</u>	<u>\$ 47,007</u>

See accompanying notes and accountant's review report.

SUPPLEMENTARY INFORMATION

LOUISIANA PILOTAGE FEE COMMISSION

SCHEDULE OF PER DIEM PAID TO COMMISSION MEMBERS

FOR THE YEAR ENDED JUNE 30, 2010

<u>Name</u>	<u>Amount</u>
Alfred Lippman	\$ 600
Ann Trappey	300
Joe Spearman	<u>600</u>
	<u>\$ 1,500</u>

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

December 3, 2010

To the Board of Commissioners of
Louisiana Pilotage Fee Commission
Baton Rouge, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Louisiana Pilotage Fee Commission and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Louisiana Pilotage Fee Commission's compliance with certain laws and regulations during the year ended June 30, 2010, included in the accompanying *Louisiana Attestation Questionnaire*. Louisiana Pilotage Fee Commission's management is responsible for the Commission's financial records and compliance with applicable laws and regulations records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$30,000 and no expenditures were made for public works exceeding \$150,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management (step 3 above) were also included on the listing obtained from management (step 2 above).

Budgeting

The Commission received an Attorney General opinion indicating that they are not a political subdivision and therefore not subject to the Local Governmental Budget Act. They are a state administrative agency and must comply with the budgetary obligations of a state administrative agency. According to the Division of Administration ("DOA") since the Commission is self funded there is no budget reporting requirements to the DOA.

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. The original budget was not amended.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on May 14, 2009 which indicated that the budget had been unanimously adopted by the Board members. The budget was not amended.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

Not applicable due to Commission not subject to Local Governmental Budget Act.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- a. Trace payments to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. Determine if payments were properly coded to the correct fund and general ledger account.

All six of the payments were properly coded to the correct fund and general ledger account.

- c. Determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:13 (the open meetings law).

Management asserted that such documents were properly posted at the meeting site 24 hours in advance of a meeting.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We scanned bank deposits and the detailed general ledger for the period under review and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Commission for the year indicated no approval for the payments noted. We also inspected disbursement records for the year and noted no instances which would indicate payment to employees which would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

12. Review any prior suggestions, and / or comments to determine the extent to which such matters have been resolved.

See the Summary of Prior Year Findings for an update to the prior year findings.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Louisiana Pilotage Fee Commission and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannia T. Bourgeois, LLP

LOUISIANA PILOTAGE FEE COMMISSION
SUMMARY SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

None

LOUISIANA ATTESTATION QUESTIONNAIRE

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

_____ (Date Transmitted)

_____ (Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 30, 2010.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [☒] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [☒] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [☒] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [☒] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [☒] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [☒] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:1 through 42:13.

Yes [☒] No [☐]

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [☒] No [☐]

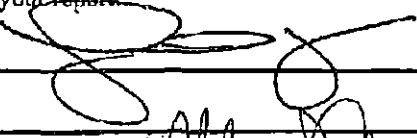
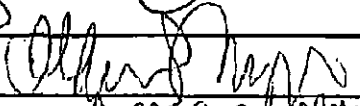
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [☒] No [☐]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

	ADMINISTRATOR	
	Secretary	12/3/2010 Date
	Treasurer	Date
	CHAIRMAN	
ALFREDO S. LIPPMAN	President	12/13/10 Date